

IRA TOWNSHIP
St. Clair County, Michigan
AUDITED FINANCIAL STATEMENTS
For The Year Ended June 30, 2004

74-1150

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

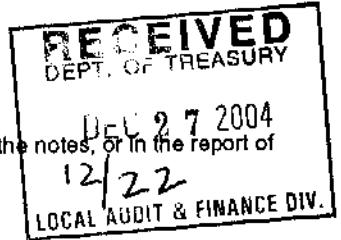
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Ira Township</u>	County <u>St. Clair</u>
Audit Date <u>June 30, 2004</u>	Opinion Date <u>July 29, 2004</u>	Date Accountant Report Submitted to State: <u>December 21, 2004</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year, if the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 286 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <u>McBride, Manley & Miller PC</u>			
Street Address <u>115 S. Parker St.</u>	City <u>Marine City</u>	State <u>MI</u>	ZIP <u>48039-0026</u>
Accountant Signature <u>Alanna A. Manley CPA</u>		Date <u>12/21/04</u>	

IRA TOWNSHIP

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IRA TOWNSHIP

Management's Discussion and Analysis

June 30, 2004

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets decreased 5.9% from a year ago from \$12,133,000 to \$11,417,000. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced a decrease of approximately \$87,000 during the year (5.8% decrease). This was the result of state revenue sharing reductions. The business-type activities experienced a \$629,000 decrease in net assets, primarily as a result of an increase in operating expenses. These expenses increased by \$472,000 for the year. Insurance, plant operation cost, and depreciation expenses increased significantly. In addition, there was approximately \$240,000 in water plant backwash cost for the year that was not incurred in the prior year. This amount represents changes for the current and past two fiscal years. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current Assets	\$ 611	\$ 1,002	\$ 4,805	\$ 2,570	\$ 5,416	\$ 3,247
Noncurrent Assets	1,930	1,715	16,540	16,544	18,470	18,260
Total Assets	2,541	2,717	21,345	19,114	23,886	21,507
Long-Term Debt Outstanding	704	757	9,172	8,266	9,876	9,023
Other Liabilities	339	549	1,538	842	1,877	1,067
Total Liabilities	1,043	1,306	10,710	9,108	11,753	10,090
Net Assets						
Invested in Capital Assets - Net of Debt	1,078	1,036	6,325	7,407	7,403	8,443
Restricted	181	293	-	-	181	293
Unrestricted	239	82	4,310	2,599	4,549	2,681
Total Net Assets	\$ 1,498	\$ 1,411	\$ 10,635	\$ 10,006	\$ 12,133	\$ 11,417

IRA TOWNSHIP

Management's Discussion and Analysis

June 30, 2004

Unrestricted net assets--the part of net assets that can be used to finance day to day operations, decreased by \$157,000 for the governmental activities. This represents a decrease of approximately 65.7%. The current level of unrestricted net assets for our governmental activities stands at \$82,000, or about 4.4% of expenditures. This is within the targeted range set by the Township during its last budget process.

The following table shows the changes in the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities	Business-Type Activities	Total
Program Revenues			
Charges for Services	\$ 225	\$ 1,883	\$ 2,108
Capital Grants and Contributions	276	31	307
General Revenues			
Property Taxes	479	--	479
State-Shared Revenues	522	--	522
Unrestricted Investment Earnings	14	58	72
Gain on Sale of Fixed Assets	35	--	35
Other	217	1	218
Total Revenues	1,768	1,973	3,741
Program Expenses			
General Government	353	--	353
Public Safety	868	--	868
Public Works	531	--	531
Legislative	17	--	17
Recreation and Culture	46	--	46
Other	1	--	1
Debt Service	39	--	39
Water	--	1,573	1,573
Sewer	--	1,029	1,029
Total Expenses	1,855	2,602	4,457
Change in Net Assets	\$ (87)	\$ (629)	\$ (716)
Change in Net Assets Prior to Capital Contributions		\$ (660)	\$ (992)

Ira Township adopted GASB 34 at June 30, 2004, therefore prior year data is not available for comparison.

The Township's net assets continue to remain healthy. Net assets were decreased by \$716,000. This was primarily a result of reductions in state revenue sharing.

IRA TOWNSHIP

Management's Discussion and Analysis

June 30, 2004

Governmental Activities

Since this is the first year that the Township's financial data has been determined under GASB 34, comparisons to previous periods are not available. This data will be provided in future years.

Business-Type Activities

The Township's business-type activities consist of the Water and Sewer Fund. We provide water to approximately 85% of the Township's residents, and sewage treatment to approximately 75% of the Township's residents. We experienced a decrease in our net operating income, due primarily to operating costs – largest depreciation.

The Township's Funds

Our analysis of the Township's major funds begins on page 5, following the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds include the General Fund, the Fire Fund, and the 2003A Construction Fund.

The General Fund pays for most of the Township's governmental services. The most significant are the building department, public works, and fire, which incurred expenses of approximately \$608,382. These services are partially supported by a special millage which is recorded in the Fire Fund.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. There were no significant changes. Departments overall stayed within budget. The General Fund's fund balance decreased from \$192,000 a year ago to \$ 156,000 at June 30, 2004.

Capital Asset and Debt Administration

At the end of June 30, 2004, the Township had \$18,062,000 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements. The Township does not report infrastructure assets acquired prior to July 1, 2003.

The only significant change in indebtedness during the year resulted from the issuance of \$290,000 in special assessment bonds during the year to finance a road paving project. These bonds will be retired by means of assessments against affected property owners.

IRA TOWNSHIP

Management's Discussion and Analysis

June 30, 2004

Economic Factors and Next Year's Budgets and Rates

The Township's budget calls for a decrease on property tax rates. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

We don't anticipate that the water or sewer rates will increase in 2005.

In excess of 50% of the General Fund revenues are generated from the State of Michigan revenue sharing formula. The State has experienced significant budget deficits, and these revenues may be reduced in an attempt to balance their budget in the future.

Contacting the Township Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.



**McBride, Manley
& Miller P.C.**

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

July 29, 2004

Township Board
Ira Township
7085 Meldrum Road
Fair Haven, Michigan 48023

Honorable Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ira Township, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ira Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion Analysis - for State and Local Governments*, as of June 30, 2004.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ira Township, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i through iv are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ira Township's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our report of comments and recommendations dated July 29, 2004, has been submitted under separate cover.

Respectfully submitted,

McBride, Manley & Miller PC
McBRIDE, MANLEY & MILLER P.C.
Certified Public Accountants

IRA TOWNSHIP

STATEMENT OF NET ASSETS

June 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash - checking and on hand	\$ 24,284	\$ 11,600	\$ 35,884
- savings and certificates	404,783	12,792	417,575
- Municipal Investment Pool	249,898	366,758	616,656
Restricted cash	--	900,842	900,842
Restricted receivables	162,701	557,757	720,458
Accounts receivable and other	76,864	414,657	491,521
Internal balances*	49,336	275,000	--
Due from other units of government	25,168	--	25,168
Taxes receivable	4,788	--	4,788
Prepaid expenses	3,900	--	3,900
Accrued interest receivable	90	17	107
Deposits	--	30,520	30,520
Total Current Assets	<u>1,001,812</u>	<u>2,569,943</u>	<u>3,247,419</u>
OTHER ASSETS			
Capital assets, net of accumulated depreciation	1,715,231	16,328,818	18,044,049
Construction in progress	--	18,267	18,267
Bond issuance costs, net of amortization	--	197,738	197,738
Total Assets	<u>\$ 2,717,043</u>	<u>\$ 19,114,766</u>	<u>\$ 21,507,473</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 30,540	\$ 91,645	\$ 122,185
Accrued expenses	9,029	31,065	40,094
Accrued interest	13,691	--	13,691
Internal balances*	275,000	49,336	--
Deposit retention	22,963	--	22,963
Due to other units of government	--	14,419	14,419
Current portion of long-term obligations	197,380	655,946	853,326
Total Current Liabilities	<u>548,603</u>	<u>842,411</u>	<u>1,066,678</u>
NONCURRENT LIABILITIES			
Long-term obligations net of current portion	757,349	8,265,877	9,023,226
Total Liabilities	<u>\$ 1,305,952</u>	<u>\$ 9,108,288</u>	<u>\$ 10,089,904</u>
NET ASSETS			
Investment in general fixed assets, net of related debt	\$ 1,036,641	\$ 7,406,995	\$ 8,443,636
Restricted for liquor control	7,457	--	7,457
Restricted for debt service	285,243	--	285,243
Unrestricted	81,750	2,599,483	2,681,233
Total Net Assets	<u>\$ 1,411,091</u>	<u>\$ 10,006,478</u>	<u>\$ 11,417,569</u>

* amounts have been offset in the total column

See accompanying notes.



IRA TOWNSHIP

STATEMENT OF ACTIVITIES

For the year ended June 30, 2004

	Expenses	Program Revenues		Net (Expense) Revenue		Total
		Charge for Services	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
Governmental Activities:						
General government	\$ 353,097	\$ --	\$ --	\$ (353,097)	\$ --	\$ (353,097)
Legislative	16,705	--	--	(16,705)	--	(16,705)
Public safety	868,690	45,926	--	(822,764)	--	(822,764)
Public works	530,771	178,894	276,410	(75,467)	--	(75,467)
Recreation and cultural	46,258	--	--	(46,258)	--	(46,258)
Debt service	39,159	--	--	(39,159)	--	(39,159)
Transfers to other funds	541	--	--	(541)	--	(541)
Total Governmental Activities	1,855,221	224,820	276,410	(1,353,991)	--	(1,353,991)
Business-type activities:						
Water	1,572,878	1,300,614	31,377	--	(240,887)	(240,887)
Sewer	1,029,602	582,587	--	--	(447,015)	(447,015)
Total Business-Type Activities	2,602,480	1,883,201	31,377	--	(687,902)	(687,902)
TOTAL GOVERNMENT	\$ 4,457,701	\$ 2,108,021	\$ 307,787	(1,353,991)	(687,902)	(2,041,893)
General Purpose Revenues:						
Property taxes				479,494	--	479,494
State shared revenues				521,955	--	521,955
Investment earnings				14,073	57,889	71,962
Gain on sale of fixed assets				35,000	--	35,000
Other				216,732	--	216,732
Transfers				--	541	541
TOTAL GENERAL PURPOSE REVENUES				1,267,254	58,430	1,325,684
CHANGE IN NET ASSETS				(86,737)	(629,472)	(716,209)
NET ASSETS AT JULY 1, 2003				1,497,828	10,635,950	12,133,778
NET ASSETS AT JUNE 30, 2004				\$ 1,411,091	\$ 10,006,478	\$ 11,417,569

See accompanying notes.



IRA TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2004

	General	Fire Operational Fund	2003A Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash - checking and on hand	\$ 5,342	\$ --	\$ --	\$ --	\$ 5,342
- savings and certificates	118,565	22,850	--	263,368	404,783
- Municipal Investment Pool	248,237	1,661	--	--	249,898
Accounts receivable and other	76,864	--	--	--	76,864
Due from other funds	58,607	--	--	21,875	80,482
Due from other units of government	25,168	--	--	--	25,168
Taxes and special assessment receivable	1,607	3,181	--	162,701	167,489
Accrued interest receivable	89	1	--	--	90
Prepaid insurance	3,900	--	--	--	3,900
TOTAL ASSETS	\$ 538,379	\$ 27,693	\$ --	\$ 447,944	\$ 1,014,016
LIABILITIES					
Accounts payable	\$ 23,541	\$ 6,999	\$ --	\$ --	\$ 30,540
Accrued expenses	2,920	998	--	--	3,918
Due to other funds	275,000	11,461	743	--	287,204
Security deposits	22,963	--	--	--	22,963
Deferred revenue	58,045	3,181	--	162,701	223,927
TOTAL LIABILITIES	382,469	22,639	743	162,701	568,552
FUND EQUITY					
Fund balance:					
Reserved for debt retirement	--	--	--	285,243	285,243
Reserved for liquor control	7,457	--	--	--	7,457
Unreserved, undesignated	148,453	5,054	(743)	--	152,764
TOTAL FUND EQUITY	155,910	5,054	(743)	285,243	445,464
TOTAL LIABILITIES AND FUND EQUITY	\$ 538,379	\$ 27,693	\$ --	\$ 447,944	\$ 1,014,016

See accompanying notes.



IRA TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS

June 30, 2004

Total Fund Balance - Governmental Funds	\$	445,464
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Cost of capital assets	\$	3,368,657	
Less: accumulated depreciation		(1,653,426)	
Net Capital Assets			1,715,231

Delinquent personal property taxes receivable, federal grant revenues receivable, and interest income receivable were not available soon enough after year end to pay the current period expenditures, and therefore are deferred in the governmental funds.

223,927

Long-term liabilities, including bonds payable, are not due in the current period, and therefore are not reported as liabilities in the governmental funds.

Bonds payable, including unamortized premium	(954,729)	
Accrued interest on the bonds	(13,691)	
Compensated absences	(5,111)	
Total Long-Term Liabilities		(973,531)

Total Net Assets - Governmental Activities	\$	<u>1,411,091</u>
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IRA TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the year ended June 30, 2004

	General	Fire Operational Fund	2003A Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Tax collections	\$ 107,120	\$ 220,984	\$ --	\$ 151,276	\$ 479,380
Distributions from State of Michigan	521,955	--	--	--	521,955
Licenses, permits, fines, and fees	61,959	--	--	--	61,959
Fire protection fees	45,926	--	--	--	45,926
Tax administration fees, penalty, and interest	51,713	--	--	--	51,713
Interest earned	7,041	680	256	6,096	14,073
Special assessments	18,333	--	--	142,243	160,576
Refuse collection	178,894	--	--	--	178,894
Miscellaneous revenue	67,940	--	--	--	67,940
TOTAL REVENUES	<u>1,060,881</u>	<u>221,664</u>	<u>256</u>	<u>299,615</u>	<u>1,582,416</u>
Other Financing Sources:					
Bond proceeds	--	--	290,000	--	290,000
Insurance proceeds	--	1,461	--	--	1,461
Sale of assets	--	35,000	--	--	35,000
Transfer from other funds	--	181,105	20,878	10,720	212,703
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>1,060,881</u>	<u>439,230</u>	<u>311,134</u>	<u>310,335</u>	<u>2,121,580</u>
Expenditures:					
Legislative	16,705	--	--	--	16,705
General government	325,664	--	--	--	325,664
Public safety	320,932	375,507	--	--	696,439
Public works	208,079	--	--	--	208,079
Recreation and cultural	28,721	--	--	--	28,721
Legal	--	--	--	10,284	10,284
Miscellaneous	--	--	19	114	133
Debt service:					
Principal retirement	--	41,544	--	145,766	187,310
Interest and fiscal fees	--	5,869	--	33,943	39,812
Capital outlay	--	--	311,858	--	311,858
TOTAL EXPENDITURES	<u>900,101</u>	<u>422,920</u>	<u>311,877</u>	<u>190,107</u>	<u>1,825,005</u>

See accompanying notes.



IRA TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
(Continued)

For the year ended June 30, 2004

	General	Fire Operational Fund	2003A Construction Fund	Other Governmental Funds	Total Governmental Funds
Other Financing Uses:					
Transfers to other funds	201,983	--	--	11,261	213,244
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,102,084	422,920	311,877	201,368	2,038,249
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(41,203)	16,310	(743)	108,967	83,331
Net Effect of Change in Accounting Principle	5,176	--	--	--	5,176
Fund Balance at July 1, 2003	191,937	(11,256)	--	176,276	356,957
FUND BALANCE AT JUNE 30, 2004	\$ 155,910	\$ 5,054	\$ (743)	\$ 285,243	\$ 445,464

See accompanying notes.



IRA TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE WITH THE STATEMENT OF ACTIVITIES

June 30, 2004

Total Net Change in Fund Balances - Governmental Funds	\$ 88,507
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Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for township activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of net activities. Proceeds from the sale of capital assets are reported as revenue in the governmental funds. For township activities, these proceeds are reduced by the net book value of disposed assets to provide the gain or loss on sale of such assets in the statement of net activities.

Capital outlay	\$ 26,027	
Less: depreciation	<u>(240,782)</u>	(214,755)

Delinquent personal property taxes receivable, federal grant revenues receivable, and interest income receivable were not available soon enough after year end to pay the current period expenditures, and therefore are deferred in the governmental funds.	144,431
--	---------

Repayment of bond principal is an expenditure, and bond proceeds are revenue in the governmental funds. Proceeds increase and repayments decrease liabilities in the statement of net assets and do not affect the statement of activities.

Bond principal payments	187,310	
Bond proceeds	<u>(290,000)</u>	(102,690)

Compensated absences are measured by the amount earned in the statement of activities. In the governmental funds, these items are measured by financial resources used.	(2,883)
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Interest expenditures are recorded when financial resources are used in the governmental funds. Interest expense is recognized as the interest accrues regardless of when it is due.	653
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Change in Net Assets of Governmental Activities	<u>\$ (86,737)</u>
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IRA TOWNSHIP

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2004

	Sewer Fund	Water Fund	Total
ASSETS			
CURRENT ASSETS			
Cash - checking and on hand	\$ 4,550	\$ 7,050	\$ 11,600
- savings and certificates	9,745	3,047	12,792
- Municipal Investment Pool	320,382	46,376	366,758
Restricted cash	569,707	331,135	900,842
Restricted receivables	78,923	478,834	557,757
Accounts receivable and other	250,562	164,095	414,657
Due from other funds	461,969	640,132	1,102,101
Accrued interest receivable	--	17	17
Deposits with St. Clair County	30,520	--	30,520
Total Current Assets	<u>1,726,358</u>	<u>1,670,686</u>	<u>3,397,044</u>
OTHER ASSETS			
Bond issuance costs, net of amortization	--	197,738	197,738
Construction in progress	--	18,267	18,267
Capitalized lease, net of amortization	1,759,617	7,453,956	9,213,573
Capital assets, net of accumulated depreciation	3,976,460	3,138,785	7,115,245
TOTAL ASSETS	<u>\$ 7,462,435</u>	<u>\$ 12,479,432</u>	<u>\$ 19,941,867</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 82,776	\$ 8,869	\$ 91,645
Accrued expenses	9,079	21,986	31,065
Due to other funds	659,824	216,613	876,437
Due to other units of government	--	14,419	14,419
Current portion of long-term obligations	171,106	484,840	655,946
Total Current Liabilities	<u>922,785</u>	<u>746,727</u>	<u>1,669,512</u>
NONCURRENT LIABILITIES			
Long-term obligations net of current portion	1,735,259	6,530,618	8,265,877
TOTAL LIABILITIES	<u>\$ 2,658,044</u>	<u>\$ 7,277,345</u>	<u>\$ 9,935,389</u>
NET ASSETS			
Investment in capital assets, net of related debt	\$ 3,829,712	\$ 3,577,283	\$ 7,406,995
Unrestricted	974,679	1,624,804	2,599,483
TOTAL NET ASSETS	<u>\$ 4,804,391</u>	<u>\$ 5,202,087</u>	<u>\$ 10,006,478</u>

See accompanying notes.



IRA TOWNSHIP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS

For the year ended June 30, 2004

	Sewer Fund	Water Fund	Total Proprietary Funds
Operating Revenues:			
User charges	\$ 430,698	\$ 663,988	\$ 1,094,686
Installation fees	1,582	13,374	14,956
Water and sewer tap fees	8,520	48,287	56,807
Water plant backwash	239,978	--	239,978
Penalties	5,951	24,747	30,698
Miscellaneous revenue	21,246	31,653	52,899
Total Operating Revenues	<u>707,975</u>	<u>782,049</u>	<u>1,490,024</u>
Operating Expenses:			
Salaries	174,515	319,714	494,229
Payroll taxes and benefits	89,129	156,282	245,411
Supplies	27,955	62,443	90,398
Plant operation	229,686	--	229,686
Water plant backwash	--	239,978	239,978
Seminars and publications	6,963	6,165	13,128
Repairs and maintenance	6,565	33,268	39,833
Transportation	3,555	4,278	7,833
Legal and audit	12,969	13,111	26,080
Contracted services	4,295	5,994	10,289
Utilities	41,974	41,181	83,155
Professional services	6,674	6,446	13,120
Miscellaneous	7,167	9,632	16,799
Insurance and bonds	39,093	38,958	78,051
Amortization	1,319	14,970	16,289
Depreciation	284,453	478,715	763,168
Total Operating Expenses	<u>936,312</u>	<u>1,431,135</u>	<u>2,367,447</u>
OPERATING INCOME (LOSS)	<u>(228,337)</u>	<u>(649,086)</u>	<u>(877,423)</u>

See accompanying notes.



IRA TOWNSHIP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS (Continued)

For the year ended June 30, 2004

	Sewer Fund	Water Fund	Total Proprietary Funds
Nonoperating Revenue (Expense):			
Debt service	\$ 114,590	\$ 518,565	\$ 633,155
Income on restricted assets	12,486	39,259	51,745
Interest earned	4,123	2,021	6,144
Bond interest and agent fees	(93,290)	(381,721)	(475,011)
Total Nonoperating Revenue (Expenses)	37,909	178,124	216,033
LOSS BEFORE CONTRIBUTIONS	(190,428)	(470,962)	(661,390)
Capital contributions	--	31,377	31,377
Transfers from other funds	--	541	541
CHANGE IN NET ASSETS	(190,428)	(439,044)	(629,472)
Net Assets at July 1, 2003	4,994,819	5,641,131	10,635,950
Net Assets at June 30, 2004	\$ 4,804,391	\$ 5,202,087	\$ 10,006,478

See accompanying notes.



IRA TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the year ended June 30, 2004

	Sewer Fund	Water Fund	Total Proprietary Funds
Cash Flows From Operating Activities:			
Receipts from customers	\$ 243,126	\$ 1,067,859	\$ 1,310,985
Payments to suppliers	(558,155)	(232,338)	(790,493)
Payments to employees	(185,009)	(317,223)	(502,232)
Other receipts (payments)	21,246	31,688	52,934
Net Cash Provided By (Used In) Operating Activities	(478,792)	549,986	71,194
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	--	541	541
Net Cash Provided By Investing Activities	--	541	541
Cash Flows From Capital and Related Financing Activities:			
Acquisition of capital assets	(490,061)	(254,952)	(745,013)
Capital contributions	--	31,377	31,377
Principal paid on bonds and capitalized lease	(165,390)	(609,840)	(775,230)
Interest paid on bonds and capitalized lease	(93,290)	(381,721)	(475,011)
Debt service revenue	114,590	518,565	633,155
Net Cash Used In Capital and Related Financing Activities	(634,151)	(696,571)	(1,330,722)
Cash Flows From Investing Activities:			
Interest and dividends on investments	16,609	41,280	57,889
Net Cash Provided By Investing Activities	16,609	41,280	57,889
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,096,334)	(104,764)	(1,201,098)
Cash and Cash Equivalents at July 1, 2003	2,000,718	492,372	2,493,090
CASH AND CASH EQUIVALENTS AT JUNE 30, 2004	\$ 904,384	\$ 387,608	\$ 1,291,992

See accompanying notes.



IRA TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)

For the year ended June 30, 2004

	Sewer Fund	Water Fund	Total Proprietary Funds
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities:			
Operating loss	\$ (228,337)	\$ (649,086)	\$ (877,423)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used In) Operating Activities:			
Depreciation	284,453	478,715	763,168
Amortization	1,319	14,970	16,289
Change in Assets and Liabilities:			
Accounts receivable	(47,323)	162,567	115,244
Due from other funds	(396,280)	154,896	(241,384)
Prepaid interest	--	98,890	98,890
Accrued interest receivable	--	35	35
Construction in progress	--	175,081	175,081
Accounts payable and other	24,154	(13,673)	10,481
Accrued expenses	(10,494)	2,491	(8,003)
Due to other funds	(106,284)	125,100	18,816
Net Cash Provided By (Used In) Operating Activities	\$ (478,792)	\$ 549,986	\$ 71,194

See accompanying notes.



IRA TOWNSHIP

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the year ended June 30, 2004

	Tax Fund	Agency Fund
<u>ASSETS</u>		
Cash - checking and on hand	\$ 400	\$ 120,429
- savings and certificates	--	42,155
- Municipal Investment Pool	10,088	--
Total Assets	<u>\$ 10,488</u>	<u>\$ 162,584</u>
<u>LIABILITIES</u>		
Due to other funds	\$ 10,488	\$ 8,454
Due to other units of government	--	138
Due to Township employees or residents	--	153,992
Total Liabilities	<u>\$ 10,488</u>	<u>\$ 162,584</u>

See accompanying notes.



IRA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 2004

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable) Final to Actual
Revenues:				
Tax collections	\$ 109,700	\$ 115,700	\$ 107,120	\$ (8,580)
Special assessment	23,200	23,200	18,333	(4,867)
Distributions from State of Michigan	554,000	559,638	521,955	(37,683)
Licenses, permits, fines, and fees	88,000	126,150	61,959	(64,191)
Fire protection fees	45,925	45,925	45,926	1
Tax administration fees, penalty, and interest	177,888	46,500	51,713	5,213
Interest earned	8,000	8,000	7,041	(959)
Refuse collection	170,000	170,000	178,894	8,894
Miscellaneous revenue	25,000	106,600	67,940	(38,660)
Local millage recreation funds	26,540	26,540	--	(26,540)
TOTAL REVENUES	1,228,253	1,228,253	1,060,881	(167,372)
Expenditures:				
Supervisor	10,600	15,200	14,482	718
Clerk	34,000	35,550	34,136	1,414
Treasurer	30,400	31,900	30,556	1,344
Trustees	16,600	17,350	16,705	645
Township Board	374,495	374,495	263,254	111,241
Utilities	14,644	14,644	12,267	2,377
Building department	140,550	140,550	143,145	(2,595)
Police department	105,000	105,000	110,512	(5,512)
Employee benefits	88,725	88,725	81,127	7,598
Insurance	19,000	19,000	7,176	11,824
Capital outlay	20,700	20,700	15,402	5,298
Refuse	170,000	171,400	171,339	61
TOTAL EXPENDITURES	1,024,714	1,034,514	900,101	134,413
Other Financing Uses:				
Transfers to other funds	170,000	170,000	201,983	(31,983)
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,194,714	1,204,514	1,102,084	102,430
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	33,539	23,739	(41,203)	(64,942)
Net Effect of Change in Accounting Principle	--	--	5,176	5,176
Fund Balance at July 1, 2003	191,937	191,937	191,937	--
FUND BALANCE AT JUNE 30, 2004	\$ 225,476	\$ 215,676	\$ 155,910	\$ (59,766)

See accompanying notes.



IRA TOWNSHIP

FIRE OPERATIONAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 2004

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues:				
Tax collections	\$ 381,856	\$ 381,856	\$ 220,984	\$ (160,872)
Interest earned	1,500	1,500	680	(820)
Total Revenues	<u>383,356</u>	<u>383,356</u>	<u>221,664</u>	<u>(161,692)</u>
Other Financing Sources:				
Insurance proceeds	--	--	1,461	1,461
Sale of assets	--	--	35,000	35,000
Transfer from General Fund	170,000	170,000	181,105	11,105
Total Revenues and Other Financing Sources	<u>553,356</u>	<u>553,356</u>	<u>439,230</u>	<u>(114,126)</u>
Expenditures:				
Public Safety:				
Salaries and benefits	250,773	250,773	250,137	636
Supplies	6,000	6,000	7,211	(1,211)
Uniforms	5,800	5,800	2,042	3,758
Emergency supplies	5,000	5,000	2,240	2,760
Contracted services	12,000	12,000	14,795	(2,795)
Professional services	1,000	1,000	1,849	(849)
Telephone and communications	5,000	5,000	6,238	(1,238)
Vehicle operation	3,000	3,000	4,491	(1,491)
Insurance	27,000	27,000	31,615	(4,615)
Utilities	10,500	10,500	10,720	(220)
Maintenance	28,500	28,500	23,079	5,421
Seminars and training	6,500	6,500	3,442	3,058
Dues and subscriptions	1,000	1,000	2,456	(1,456)
Miscellaneous charges	11,250	11,250	4,567	6,683
Capital outlay	8,000	8,000	10,625	(2,625)
Debt Service:				
Principal	169,874	169,874	41,544	128,330
Interest and fees	--	--	5,869	(5,869)
Total Expenditures	<u>551,197</u>	<u>551,197</u>	<u>422,920</u>	<u>128,277</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,159	2,159	16,310	14,151
Fund Balance at July 1, 2003	(11,256)	(11,256)	(11,256)	--
FUND BALANCE AT JUNE 30, 2004	<u>\$ (9,097)</u>	<u>\$ (9,097)</u>	<u>\$ 5,054</u>	<u>\$ 14,151</u>

See accompanying notes.



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES: Ira Township operates under an elected Supervisor, Clerk, Treasurer, and Board of two trustees and provides services to its residents (approximately 6,900) in many areas, including fire and police protection.

REPORTING ENTITY: The financial reporting entity consists solely of Ira Township. GASB Statement No. 14, as amended, states that the financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria for determining the financial reporting entity are separately elected governing body, legally separate entity, fiscally independent, ability to appoint voting majority of governing body, ability to impose its will, and potential for benefit or burden. Certain other organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization would be reported as a component unit of reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Properties in Ira Township are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These tax revenues are recognized when levied to the extent that they result in current receivables. All real property taxes levied December 31, 2003, have been received and recognized as revenue at June 30, 2004.

Revenues earned and susceptible to accrual are considered available and recognized if received within sixty days after the year end.

The government reports the following major governmental funds:

GENERAL FUND - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, protective services, and other intergovernmental revenues.

FIRE OPERATIONAL FUND - This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

2003A CONSTRUCTION FUND - This fund is used to record bond proceeds or other revenue, and the disbursement of monies specifically designated for construction projects.



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major proprietary funds:

ENTERPRISE FUNDS - The Water Supply and Sewer Disposal System Funds report operations that provide services which are financed by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual balances between the business-type activities and the governmental activities are reported as "internal balances."

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private sector standards issued after November 30, 1989, for its business type activities.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS

BANK DEPOSITS AND INVESTMENTS: Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

RECEIVABLES AND PAYABLES: In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible amounts.

INVENTORIES AND PREPAID ITEMS: Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

CAPITAL ASSETS: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Assets are depreciated using the straight-line method over the following useful lives:

Vehicles	5 years
Equipment	5-10 years
Buildings	35-40 years
Lines	15-40 years

COMPENSATED ABSENCES: The Township employs fourteen full-time employees entitled to compensated absences. These employees are entitled to six sick days per calendar year, with a maximum accumulation of sixty days. Employees are not paid for accumulated days upon termination of employment.

All vacation and vested sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG-TERM OBLIGATIONS: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FUND EQUITY: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

It is the policy of the Township to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS: P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets, as amended by the Township Board, were adopted at the departmental level and are shown in the body of the financial statements. Budget amendments require approval from a majority of the Township Board. Actual expenditures exceeded those budgeted as follows:

General Fund

Building Department	\$ 2,595
Police Department	5,512



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2004

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Fire Fund

Supplies	\$1,211
Contracted services	2,795
Professional services	849
Telephone and communications	1,238
Vehicle operation	1,491
Insurance	4,615
Utilities	220
Dues and subscriptions	1,456
Capital outlay	2,625
Interest and fees	5,869

NOTE 3: CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are at Michigan banks in the name of Ira Township. Michigan Act 20 P.A. 1943 allows a township to make various investments with public monies including, but not limited to, the following:

1. Direct bonds and obligations of the U.S., its agencies or instrumentalities
2. Certificates of deposit, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency and located in the State of Michigan
3. Commercial paper - rated within 2 highest rate classifications by at least 2 rating services and matures not later than 270 days
4. U.S. or agency repurchase agreements
5. Mutual funds - investments which local unit can make directly
6. Bankers' acceptances of U.S. banks
7. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service

Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The deposits of the Township are in accordance with statutory authority.

Mutual fund investments are limited to those under SEC Rule 2a7 or 2a7-like investment pools. In accordance with GASB Statement 31, these are carried at amortized cost for financial reporting purposes.

Deposits and investments are recorded at cost. The carrying amounts are included on the balance sheet as "checking and on hand," "savings and certificates," "Municipal Investment Pool," "Investments," and "Restricted cash."



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2004

NOTE 3: CASH AND INVESTMENTS (Continued)

DEPOSITS: At year end, the bank balance and the carrying amount of the government's deposits with financial institutions totaled \$1,061,670 and \$998,218, respectively, of which \$200,401 is insured by the FDIC, and the remainder is not insured.

INVESTMENTS: During the year and at year end, the Township's investments were with various municipal pooled investment trust mutual funds. The year end balances at cost and market were \$1,083,345.

NOTE 4: RESTRICTED ASSETS

Restricted Sewer Fund cash includes amounts on deposit with the St. Clair County Department of Public Works Sewage Disposal System No. 1 in the amount of \$34,806 and monies restricted by Township ordinance in the amount of \$534,901. Additional assets restricted by Township ordinance consist of user receivables of \$22,372, accrued interest receivable of \$211, and special assessment receivable of \$56,340. These amounts are restricted for debt retirement and future construction costs.

Restricted Water Fund assets represent amounts reserved for a contractual obligation. The assets consist of the following amounts: Cash, \$331,135; special assessment receivable, \$288,688; delinquent taxes receivable, \$21; lateral line charges receivable, \$62,177; and unbilled receivables, \$127,948.

NOTE 5: FIXED ASSETS

Governmental Activities Fixed Assets:

A summary of changes in governmental fixed assets follows:

	Balance at 6/30/03	Additions	Disposals	Balance at 6/30/04
Office equipment	\$ 174,753	\$ 6,604	\$ --	\$ 181,357
Equipment	27,720	--	--	27,720
Land and improvements	178,251	--	--	178,251
Buildings and improvements	948,106	--	--	948,106
Fire and police equipment	1,789,257	10,545	152,997	1,646,805
D.P.W. equipment	6,156	--	--	6,156
Fire hall improvements	23,800	5,112	--	28,912
Library improvements	40,260	3,766	--	44,026
Parks and recreation	307,324	--	--	307,324
	<u>\$3,495,627</u>	<u>\$26,027</u>	<u>\$152,997</u>	<u>3,368,657</u>
Less: Accumulated depreciation				<u>(1,653,426)</u>
				<u>\$1,715,231</u>



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2004

NOTE 5: FIXED ASSETS (Continued)

Governmental Activities Fixed Assets: (Continued)

Governmental activity depreciation, included on the Statement of Activities, was allocated as follows:

Recreation and Cultural	\$ 17,537
Public Safety	182,876
Public Works	417
General Government	39,952
Total	<u>\$240,782</u>

Business-Type Activities Fixed Assets:

A summary of changes in business-type fixed assets follows:

	Balance at 6/30/03	Additions	Disposals	Balance at 6/30/04
Water Fund				
Buildings	\$ 810,978	\$ 2,063	\$ --	\$ 813,041
Equipment	54,360	6,543	--	60,903
Vehicles	52,369	--	--	52,369
Pipe lines and plant	<u>3,290,146</u>	<u>246,347</u>	--	<u>3,536,493</u>
	4,207,853	254,953	--	4,462,806
Less: Accumulated depreciation	(1,070,169)	(253,852)	--	(1,324,021)
	<u>\$3,137,684</u>	<u>\$ 1,101</u>	<u>\$ --</u>	<u>\$3,138,785</u>
Capitalized Leased Fixed Assets:				
Land	\$ 236,228	\$ --	\$ --	\$ 236,228
Water plant	<u>8,994,588</u>	--	--	<u>8,994,588</u>
	9,230,816	--	--	9,230,816
Less: Accumulated amortization	(1,551,995)	(224,865)	--	(1,776,860)
	<u>\$7,678,821</u>	<u>(\$224,865)</u>	<u>\$ --</u>	<u>\$7,453,956</u>
Construction in progress	<u>\$ 193,348</u>	<u>\$ --</u>	<u>\$175,081</u>	<u>\$ 18,267</u>
Sewer Fund				
Buildings	\$ 633,478	\$ --	\$ --	\$ 633,478
Equipment	340,849	9,841	--	350,690
Vehicles	111,164	--	--	111,164
Pipe lines and plant	<u>8,530,678</u>	--	--	<u>8,530,678</u>
	9,616,169	9,841	--	9,626,010
Less: Accumulated depreciation	(5,405,819)	(243,731)	--	(5,649,550)
	<u>\$4,210,350</u>	<u>(\$233,890)</u>	<u>\$ --</u>	<u>\$3,976,460</u>



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2004

NOTE 5: FIXED ASSETS (Continued)

Business-Type Activities Fixed Assets: (Continued)

	Balance at 6/30/03	Additions	Disposals	Balance at 6/30/04
Capitalized Leased Fixed Assets:				
Sewer Disposal System	\$1,376,782	\$480,221	\$ --	\$1,857,003
Less: Accumulated amortization	(56,664)	(40,722)	--	(97,386)
	<u>\$1,320,118</u>	<u>\$439,499</u>	<u>\$ --</u>	<u>\$1,759,617</u>

Depreciation and amortization for the year ended June 30, 2004, amounted to \$284,453 in the Sewer Fund. Depreciation and amortization expense amounted to \$478,715 in the Water Fund.

NOTE 6: BONDS PAYABLE AND OTHER LONG-TERM INDEBTEDNESS

Changes in Indebtedness:

	Bonds and Notes Payable	Amortizable Bond Discount	Total Long-Term Obligations
Balance at June 30, 2003	\$10,568,911	\$22,736	\$10,591,647
Bond proceeds	290,000	--	290,000
Amortization of discount	--	(2,917)	(2,917)
Retirement of debt	(962,601)	--	(962,601)
Balance at June 30, 2004	<u>\$ 9,896,310</u>	<u>\$19,819</u>	<u>\$ 9,916,129</u>
Total Water Fund Leases and Bonded Indebtedness			\$ 7,018,487
Total Sewer Fund Leases and Bonded Indebtedness			1,923,155
Total Indebtedness in Governmental Funds			954,668
Unamortized Bond Premium			19,819
			<u>\$ 9,916,129</u>

Capitalized Lease Obligations:

The Township has entered into contracts under the provisions of Act 185, Public Acts of Michigan, 1957, as amended, with St. Clair County, Michigan, for the lease of a water treatment plant. The terms of these leases extend until the county bonds issued for the construction of the water treatment plant are paid in full. The Township has pledged its full faith and credit to repay the bond issues with an unlimited tax general obligation approved by the vote of the Township residents. The contracts require semi-annual interest payments due the first of July and January and principal payments due the first of July of each year.

The Township also has a contract with St. Clair County for the lease of a wastewater treatment plant. The terms of this lease match those of the related bonds and bear the full faith and credit of the Township. Interest payments are due April and October and principal payments are due in April of each year for one issue. For another, interest payments are due March and September and principal payments are due in March of each year.



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2004

NOTE 6: BONDS PAYABLE AND OTHER LONG-TERM INDEBTEDNESS (Continued)

Capitalized Lease Obligations: (Continued)

Minimum lease payments are as follows:

	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>
Water Fund	\$441,523	\$595,322	\$596,923	\$597,297
Sewer Fund	178,735	179,760	180,526	181,036
Total Minimum Lease Payments	<u>\$620,258</u>	<u>\$775,082</u>	<u>\$777,449</u>	<u>\$778,333</u>

	<u>6/30/2009</u>	<u>6/30/2014</u>	<u>6/30/2019</u>	<u>6/30/2023</u>
Water Fund	\$601,329	\$3,030,753	\$2,567,343	\$ --
Sewer Fund	181,289	694,783	404,343	335,686
Total Minimum Lease Payments	<u>\$782,618</u>	<u>\$3,725,536</u>	<u>\$2,971,686</u>	<u>\$335,686</u>

Interest expense and paying agent fees for Ira Township for the year ended June 30, 2004, totaled \$514,823.

The General Obligation Bonds are to be financed by tax revenues accumulated in the Debt Service Fund. The Revenue Bonds are to be retired by revenues of the Sewer Fund. The Water and Sewer Funds' lease obligations are to be financed by a combination of user charges and an unlimited tax general obligation approved by the vote of the Township residents. If, at any time, the revenues of the Water and Sewer Funds are insufficient to meet the current obligation, the liability becomes a general obligation of the Township.

Summary of Indebtedness:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
General Obligations:				
Special Assessment Bonds - Series 1999A	1	3.9-4.0%	2006	\$ 120,000
Special Assessment Bonds - Series 1999B	1	3.85-4.0	2006	210,000
Special Assessment Bonds - Series 2000	1	4.65-4.8	2007	285,000
Special Assessment Bonds - Series 2003A	1	3.5-3.75	2008	250,000
Installment Loan - DPW/Water and Sewer	N/A	4.3	2009	325,000
Installment Loans - Fire Trucks	N/A	3.34-5.6	2010	678,590
Capitalized Leases - Water Fund	N/A	2.0-4.125	2019	6,335,000
Capitalized Leases - Sewer Fund	1	3.375-5.125	2023	1,692,720
Total General Obligations				<u>\$9,896,310</u>

Complete details of the Township's outstanding indebtedness are presented on pages 34-39.



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2004

NOTE 6: BONDS PAYABLE AND OTHER LONG-TERM INDEBTEDNESS (Continued)

Summary of Principal and Interest Requirements:

	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>
Special Assessment Bonds	\$ 349,356	\$ 336,092	\$ 165,936	\$ 66,219
Installment Loans	230,551	221,518	211,505	200,595
Capitalized Leases	<u>620,258</u>	<u>775,082</u>	<u>777,449</u>	<u>778,333</u>
Total Principal and Interest Requirements	<u>\$1,200,165</u>	<u>\$1,332,692</u>	<u>\$1,154,890</u>	<u>\$1,045,147</u>
	<u>6/30/2009</u>	<u>6/30/2014</u>	<u>6/30/2019</u>	<u>6/30/2023</u>
Special Assessment Bonds	\$ --	\$ --	\$ --	\$ --
Installment Loans	189,687	60,946	--	--
Capitalized Leases	<u>782,618</u>	<u>3,725,536</u>	<u>2,971,686</u>	<u>335,686</u>
Total Principal and Interest Requirements	<u>\$972,305</u>	<u>\$3,786,482</u>	<u>\$2,971,686</u>	<u>\$335,686</u>

Debt Margin:

Michigan Compiled Law limits indebtedness incurred by townships to 10% of the total taxable value of the township. For the fiscal year 03/04, the taxable value of Ira Township was \$151,376,876; therefore, the legal debt margin is \$15,137,000.

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "Due from other funds," "Due to other funds," or "Restricted assets" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
		Sewer Fund \$ 19,692
		Water Fund 14,344
		Fire Fund 5,629
		Trust and Agency Fund 8,454
		Tax Fund <u>10,488</u>
General Fund	<u>\$ 58,607</u>	<u>\$ 58,607</u>
		Water Fund \$ 15,300
		Fire Fund 5,832
		Capital Projects Fund <u>743</u>
Debt Service Fund	<u>\$ 21,875</u>	<u>\$ 21,875</u>



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2004

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES (Continued)

	<u>Interfund Receivable</u>		<u>Interfund Payable</u>
		General Fund	\$275,000
Sewer Fund	<u>\$461,969</u>	Water Fund	<u>186,969</u>
			<u>\$461,969</u>
Water Fund	<u>\$640,132</u>	Sewer Fund	<u>\$640,132</u>

Interfund receivables and payables are eliminated in the entity-wide presentations, within the governmental and business-type fund groups.

NOTE 8: INTERFUND TRANSFERS

Expenses for fire protection are accounted for in the Fire Fund. The General Fund routinely transfers funds to cover these expenses. Other transfers are a result of the closing of similar fund types.

Operating transfers during the year ended June 30, 2004, are as follows:

	<u>Transfers In</u>		<u>Transfers Out</u>
Fire Fund	<u>\$181,105</u>	General Fund	<u>\$181,105</u>
Water Fund	<u>\$ 541</u>	Capital Projects Fund	<u>\$ 541</u>
Capital Projects Fund	<u>\$ 20,878</u>	General Fund	<u>\$ 20,878</u>
Debt Service Fund	<u>\$ 10,720</u>	Debt Service Fund	<u>\$ 10,720</u>

These transfers have been eliminated in the entity-wide Statement of Activities other than those between business-type activities and governmental activities.

NOTE 9: FUND BALANCE RESERVATIONS

	<u>Balance at June 30, 2003</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at June 30, 2004</u>
Reserved Fund Balance:				
General Fund - for liquor control	\$5,058	\$ 6,130	\$3,731	\$ 7,457
- for bond payments	--	<u>285,243</u>	--	<u>285,243</u>
Total Reserved Fund Balance	<u>\$5,058</u>	<u>\$291,373</u>	<u>\$3,731</u>	<u>\$292,700</u>



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2004

NOTE 10: SEWAGE DISPOSAL SYSTEM

Ira Township entered into an agreement with Clay Township and the City of Algonac for the St. Clair County Department of Public Works to construct a joint sewer collector system. Ira Township issued \$2,800,000 worth of revenue bonds in payment of the Township's portion of the collector system. The full faith and credit of the Township and St. Clair County are pledged to the payment of these bonds pursuant to Act 185, Public Acts of Michigan, 1957, as amended. The Township operates and maintains the collector system which is being leased from the County. Ownership of the collector system will revert to the Township upon final payment of the bond issue. On the date the system was operable, the bonds payable and the related fixed asset were recorded at \$2,800,000. This fixed asset is being depreciated on a straight-line basis over 40 years. In 2003, an additional \$1,050,000 of bonds was issued for an upgrade and major repairs to the system.

NOTE 11: CONTINGENT LIABILITIES

The Township was named in a lawsuit involving operations of a business in the Township. The litigation is pending in the Federal District Court and is in discovery stage. It is the attorney's opinion that the outcome cannot be determined; therefore, no liability has been recorded as of June 30, 2004.

NOTE 12: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

It is the opinion of the Township that the Township has no liability for losses under the plan but does have the duty of care that would be required of an ordinary, prudent investor.

NOTE 13: RISK FINANCING

Ira Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past three years.

NOTE 14: ECONOMIC DEPENDENCY

Approximately 50% of the water and sewer revenues are obtained from one customer within the Township. The customer is a mobile home community consisting of approximately 1,400 sites.



IRA TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2004

NOTE 15: CHANGE IN ACCOUNTING PRINCIPLE

The Township has adopted GASB Interpretation #6 for its accounting for vested vacation accruals for current employees. Previously, such amounts were accrued at year end in the governmental funds. The new accounting principle does not accrue such liabilities at year end in the governmental funds, as such, the opening balance in accrued vacation has increased fund balance. All compensated absences have been accrued in the entity-wide Statement of Net Assets.



IRA TOWNSHIP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2004

	Capital Projects			Debt Service Funds			Total	Total Non-Major Governmental Funds
	2000A Construction	Fire Truck	Fire Hall	Special Assess. 2000A	Special Assess. 2003 Bethuy			
ASSETS								
Cash - savings	\$ --	\$ 183,833	\$ --	\$ --	\$ 79,535	\$ 263,368	\$ 263,368	\$ 263,368
Taxes and special assessment receivable	--	1,321	--	5,990	155,390	162,701	162,701	162,701
Due from other funds	--	5,832	--	15,300	743	21,875	21,875	21,875
TOTAL ASSETS	<u>\$ --</u>	<u>\$ 190,986</u>	<u>\$ --</u>	<u>\$ 21,290</u>	<u>\$ 235,668</u>	<u>\$ 447,944</u>	<u>\$ 447,944</u>	<u>\$ 447,944</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Deferred revenue	\$ --	\$ 1,321	\$ --	\$ 5,990	\$ 155,390	\$ 162,701	\$ 162,701	\$ 162,701
TOTAL LIABILITIES	<u>--</u>	<u>1,321</u>	<u>--</u>	<u>5,990</u>	<u>155,390</u>	<u>162,701</u>	<u>162,701</u>	<u>162,701</u>
Fund Balance:								
Reserved for debt retirement	--	189,665	--	15,300	80,278	285,243	285,243	285,243
TOTAL FUND EQUITY	<u>--</u>	<u>189,665</u>	<u>--</u>	<u>15,300</u>	<u>80,278</u>	<u>285,243</u>	<u>285,243</u>	<u>285,243</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ --</u>	<u>\$ 190,986</u>	<u>\$ --</u>	<u>\$ 21,290</u>	<u>\$ 235,668</u>	<u>\$ 447,944</u>	<u>\$ 447,944</u>	<u>\$ 447,944</u>

See accompanying letter.



IRA TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2004

	Capital Projects		Debt Service Funds				Total Non-Major Governmental Funds
	2000A Construction	Fire Truck	Fire Hall	Special Assess. 2000A	Special Assess. 2003 Bethuy	Total	
Revenues:							
Property taxes	\$ --	\$ 151,276	\$ --	\$ --	\$ --	\$ 151,276	\$ 151,276
Interest income	84	1,886	--	1,072	3,054	6,012	6,096
Special assessments	--	--	--	6,980	135,263	142,243	142,243
TOTAL REVENUES	84	153,162	--	8,052	138,317	299,531	299,615
Expenditures:							
Legal	--	--	--	--	10,284	10,284	10,284
Miscellaneous	--	--	--	--	114	114	114
Debt service:							
Principal	--	97,074	--	8,692	40,000	145,766	145,766
Interest and other charges	--	24,850	--	1,462	7,631	33,943	33,943
TOTAL EXPENDITURES	--	121,924	--	10,154	58,029	190,107	190,107
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	84	31,238	--	(2,102)	80,288	109,424	109,508
Other Financing Sources (Uses):							
Transfer from other funds	--	10,720	--	--	--	10,720	10,720
Transfer to other funds	(541)	--	(10,720)	--	--	(10,720)	(11,261)
TOTAL OTHER FINANCING SOURCES AND USES	(541)	10,720	(10,720)	--	--	--	(541)
Net Change in Fund Balances	(457)	41,958	(10,720)	(2,102)	80,288	109,424	108,967
Fund Balances at July 1, 2003	457	147,707	10,720	17,402	(10)	175,819	176,276
FUND BALANCES AT JUNE 30, 2004	\$ --	\$ 189,665	\$ --	\$ 15,300	\$ 80,278	\$ 285,243	\$ 285,243

See accompanying letter.



IRA TOWNSHIP

SCHEDULE OF INDEBTEDNESS

June 30, 2004

Water Fund General Obligation Special Assessment Bonds - Series 1999A:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
2-1-99	\$ 405,000	4.00 %	2005	\$ 60,000	\$ 3,600	\$ 63,600
		4.00	2006	60,000	1,200	61,200
Total 1999A General Obligation Bonds				120,000	\$ 4,800	\$ 124,800

Principal due September 1

Interest due March 1 and September 1

Water and Sewer Fund General Obligation Special Assessment Bonds - Series 1999B:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
5-1-99	\$ 695,000	3.90 %	2005	\$ 105,000	\$ 6,248	\$ 111,248
		4.00	2006	105,000	2,100	107,100
Total 1999B General Obligation Bonds				210,000	\$ 8,348	\$ 218,348

Principal due September 1

Interest due March 1 and September 1

Special Assessment Bonds - Series 2000 General Obligation:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
7-31-00	\$ 645,000	4.70 %	2005	\$ 95,000	\$ 11,257	\$ 106,257
		4.70	2006	95,000	6,792	101,792
		4.80	2007	95,000	2,280	97,280
Total 2000 General Obligation Bonds				285,000	\$ 20,329	\$ 305,329

Principal due September 1

Interest due March 1 and September 1

See accompanying letter.



IRA TOWNSHIP

SCHEDULE OF INDEBTEDNESS (Continued)

June 30, 2004

Special Assessment Bonds - Series 2003A General Obligation:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
7-1-03	\$ 290,000	3.75 %	2005	\$ 60,000	\$ 8,250	\$ 68,250
		3.75	2006	60,000	6,000	66,000
		3.75	2007	65,000	3,656	68,656
		3.75	2008	65,000	1,219	66,219
Total 2003A General Obligation Bonds				250,000	\$ 19,125	\$ 269,125
Total General Obligation Bonds				865,000		

Principal due October 1

Interest due April 1 and October 1

1995 Installment Loan - Fire Truck:

Total Borrowed	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
\$ 102,000	5.60 %	2005	\$ 12,535	\$ 922	\$ 13,457
		2006	7,022	197	7,219
Total 1995 Installment Loan			19,557	\$ 1,119	\$ 20,676

Principal and interest due April 4 and October 4

2003 Installment Loan - Fire Truck:

Total Borrowed	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
\$ 704,897	3.34 %	2005	\$ 102,378	\$ 19,453	\$ 121,831
		2006	105,889	16,003	121,892
		2007	109,456	12,437	121,893
		2008	113,142	8,750	121,892
		2009	116,952	4,940	121,892
		2010	59,945	1,001	60,946
Total 2003 Installment Loan			607,762	\$ 62,584	\$ 670,346

Principal and interest due March 1 and September 1

See accompanying letter.



IRA TOWNSHIP

SCHEDULE OF INDEBTEDNESS
(Continued)

June 30, 2004

Water and Sewer Fund 1999 Installment Loan - DPW Facility:

Total Borrowed	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
\$ 650,000	4.30 %	2005	\$ 65,000	\$ 13,975	\$ 78,975
		2006	65,000	11,180	76,180
		2007	65,000	8,385	73,385
		2008	65,000	5,590	70,590
		2009	65,000	2,795	67,795
Total 1999 Installment Loan			<u>325,000</u>	<u>\$ 41,925</u>	<u>\$ 366,925</u>

Principal due January 1

Interest due January 1 and July 1

1998 Installment Loan - Fire Rescue Truck:

Total Borrowed	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
\$ 125,000	5.25 %	2005	\$ 13,713	\$ 2,514	\$ 16,227
		2006	14,442	1,785	16,227
		2007	15,210	1,017	16,227
		2008	7,906	207	8,113
Total 1998 Installment Loan			<u>51,271</u>	<u>\$ 5,523</u>	<u>\$ 56,794</u>
Total Installment Loans			<u>1,003,590</u>		

Principal and interest due April 2 and October 2



IRA TOWNSHIP

SCHEDULE OF INDEBTEDNESS
(Continued)

June 30, 2004

Water Plant Lease Contract With St. Clair County - Series 2003A:

Dated	Lease Amount	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
5-28-03	\$ 4,520,000	2.000 %	2005	\$ --	\$ 148,170	\$ 148,170
		2.000	2006	230,000	143,820	373,820
		2.250	2007	240,000	138,820	378,820
		2.500	2008	250,000	132,995	382,995
		2.750	2009	255,000	126,364	381,364
		3.000	2010	270,000	118,808	388,808
		3.250	2011	280,000	110,208	390,208
		3.500	2012	285,000	100,670	385,670
		3.400	2013	290,000	90,752	380,752
		3.550	2014	295,000	80,586	375,586
		3.700	2015	310,000	69,615	379,615
		3.800	2016	330,000	57,610	387,610
		3.900	2017	410,000	43,345	453,345
		4.000	2018	430,000	26,750	456,750
		4.125	2019	440,000	9,075	449,075
				<u>4,315,000</u>	<u>\$ 1,397,588</u>	<u>\$ 5,712,588</u>

Principal due July 1

Interest due January 1 and July 1

St. Clair County Sewage Disposal System No. 1 Ira Township Bonds - Series 1999:

Dated	Lease Amount	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
11-1-99	\$ 856,656	5.000 %	2005	\$ 71,388	\$ 33,944	\$ 105,332
		5.000	2006	75,354	30,375	105,729
		5.000	2007	79,320	26,607	105,927
		5.000	2008	83,286	22,641	105,927
		5.000	2009	87,252	18,477	105,729
		5.000	2010	91,218	14,114	105,332
		5.125	2011	93,201	9,553	102,754
		5.125	2012	93,201	4,777	97,978
			Total Sewer Disposal System 1999 Bonds	<u>674,220</u>	<u>\$ 160,488</u>	<u>\$ 834,708</u>

Principal due April 1

Interest due April 1 and October 1

See accompanying letter.



IRA TOWNSHIP

SCHEDULE OF INDEBTEDNESS (Continued)

June 30, 2004

St. Clair County Sewage Disposal System No. 1 Ira Township Bonds - Series 2003:

Dated	Lease Amount	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
3-1-03	\$ 1,050,000	3.375 %	2005	\$ 33,250	\$ 40,153	\$ 73,403
		3.375	2006	35,000	39,031	74,031
		3.375	2007	36,750	37,849	74,599
		3.375	2008	38,500	36,609	75,109
		3.400	2009	40,250	35,310	75,560
		3.450	2010	42,000	33,941	75,941
		3.500	2011	43,750	32,492	76,242
		3.500	2012	47,250	30,961	78,211
		3.650	2013	49,000	29,307	78,307
		3.800	2014	52,500	27,518	80,018
		3.900	2015	54,250	25,524	79,774
		4.000	2016	56,000	23,408	79,408
		4.000	2017	59,500	21,168	80,668
		4.100	2018	63,000	18,788	81,788
		4.200	2019	66,500	16,205	82,705
		4.300	2020	70,000	13,412	83,412
		4.400	2021	73,500	10,402	83,902
		4.500	2022	77,000	7,168	84,168
		4.600	2023	80,500	3,704	84,204
				<u>1,018,500</u>	<u>\$ 482,950</u>	<u>\$ 1,501,450</u>

Principal due March 1

Interest due March 1 and September 1

See accompanying letter.



IRA TOWNSHIP

SCHEDULE OF INDEBTEDNESS
(Continued)

June 30, 2004

Water Plant Lease Contract With St. Clair County - Series 2003B:

Dated	Lease Amount	Interest Rate	Payable In Fiscal Year Ending June 30	Principal	Interest	Total
5-28-03	\$ 2,045,000	2.00 %	2005	\$ --	\$ 63,353	\$ 63,353
		2.00	2006	160,000	61,502	221,502
		2.25	2007	160,000	58,103	218,103
		2.50	2008	160,000	54,302	214,302
		2.75	2009	170,000	49,965	219,965
		3.00	2010	170,000	45,077	215,077
		3.25	2011	175,000	39,684	214,684
		3.50	2012	190,000	33,515	223,515
		3.40	2013	200,000	26,790	226,790
		3.55	2014	210,000	19,663	229,663
		3.70	2015	215,000	11,958	226,958
		3.80	2016	210,000	3,990	213,990
	Total 2003 Lease Contract			<u>2,020,000</u>	<u>\$ 467,902</u>	<u>\$ 2,487,902</u>
Principal due July 1						
Interest due January 1 and July 1						
	Total Lease Contracts			<u>8,027,720</u>		
	TOTAL INDEBTEDNESS			<u>\$ 9,896,310</u>		

See accompanying letter.





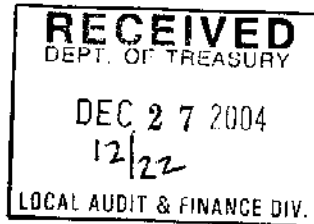
McBride, Manley & Müller P.C.

Certified Public Accountants

GLEN E. MCBRIDE, C.P.A.

PATRICIA A. MANLEY, C.P.A.

RICHARD L. MÜLLER, C.P.A., M.S.T.



July 29, 2004

Township Board
Ira Township
7085 Meldrum Road
Fair Haven, Michigan 48023

Honorable Board Members:

We have concluded the examination of the records of Ira Township for the year ended June 30, 2004. During our audit, certain items came to our attention which we believe warrant consideration of the Township officials.

PURCHASING

During our testing, we found that not all invoices are being checked for mathematical accuracy and do not always contain evidence that items were received. To assure that the correct amounts are paid and only for items received, all invoices should be recalculated and indication of receipt of goods should be present on the invoice. It is also suggested that the signature portion of voided checks be removed and the voided checks be retained.

TAX FUND

Anytime that a municipality collects property taxes for other governmental entities, it is required that those collections be paid to those entities within ten business days after the first and fifteenth of each month. During our testing, we found that this requirement was not always met.

Given the complexity of the tax roll and collection process, various reconciliations should be done during the fiscal year. A reconciliation comparing collections to payments for the entire roll should be prepared prior to settlement with the County. A reconciliation should also be prepared reconciling the taxable value per the original warrant to the taxable value per the delinquent roll and a calculation of the tax amounts using the appropriate millage rates.

Delinquent personal property taxes should be reconciled at least quarterly to assure that the amounts remaining unpaid per the individual listing are correct. During our examination, it was found that a few delinquent personal property tax bills were written off without the approval of the courts. If adjustments are anything other than corrections, court approval is necessary.

UTILITY BILLING

During our audit, we tested the utility billings for various items. We found that in several instances, the meter books appeared to be incomplete. The meter books should contain all information pertinent to that address. Items such as the factor, meter size, sewer service, etc., should be present on the cards. Also an indication that a reading is a final reading should be indicated on the card.

We also found an instance where a user was charged a prorata bill for the initial bill and that account was never corrected to be a full bill. We suggest that a system be designed to assure that anytime an address is charged a prorata bill (new tap, sale of property, etc.) that after that bill is complete the fees go back to 100%.

Adjustments to water and sewer bills are required for various reasons. To help in assuring that adjustments are appropriately made, it is suggested that a monthly report be printed for all adjustments and be approved by the Water and Sewer Fund Superintendent.

PAYROLL

During our examination, we found W-4's and calculated withholdings did not agree to the master file and actual withholdings. We recommend that, annually, the W-4 file be reviewed and compared to the master file and any differences corrected. Also, be sure that the most current withholding tables are being used. We also found an instance where the incorrect number of hours was paid. Greater care should be taken to assure employees are only being paid for hours worked.

During our examination, we found that in September of 2003, payment was made to a deceased firefighter in payment of both 2002 and 2003 runs. This payment was an advance payment and, therefore, should have board approval prior to payment.

CONCLUSION

We would like to express our appreciation and thanks to the Township Supervisor, Clerk, Treasurer, and office personnel for their cooperation and many courtesies extended to us during our examination. We will be available to discuss these recommendations in detail or to assist in their implementation.

This report is intended solely for the information and use of the Township Board, management, and others within the Township. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Respectfully submitted,

McBride, Manley & Miller PC
McBRIDE, MANLEY & MILLER P.C.
Certified Public Accountants